

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 913 - SB 849

March 22, 2015

SUMMARY OF BILL: Makes various changes to the Basic Education Program (BEP) funding formula. Requires the BEP formula to adjust salary components by one hundred percent of each county's cost differential factor (CDF). Requires the BEP formula to recognize the fiscal capacity of local jurisdictions to raise local revenue through the sole use of the fiscal capacity index that is determined by the Tennessee Commission on Intergovernmental Relations' (TACIR) annual study. Requires the BEP formula to include 12 months of insurance premiums for local employees. Requires the BEP formula to be calculated using all the criteria in Tenn. Code Ann. § 9-3-307 pursuant to the changes set forth in the bill, beginning in FY15-16.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$361,557,000/BEP

Assumptions:

- The Department of Education's Local Finance Office has provided a detailed spreadsheet of how each local education agency's BEP formula calculations will change to meet the provisions of the bill.
- The increase in state BEP expenditures is estimated to be \$361,557,000.
- The decrease in the required BEP local match is \$93,209,000; however, due to maintenance of effort requirements, local funding will not be reduced below its current level.
- There are twelve local education agencies that will have an increase in their required BEP local match; however, since these LEAS are already funding above the new required match, they will not have an increase in local expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding".

Jeffrey L. Spalding, Executive Director

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